



# ENERGY ASSURANCE DAILY

Tuesday Evening, May 18, 2010

## Major Developments

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### **Update: Tube Siphoning about 2,000 b/d of Leaking Oil from Riser at Blown-Out Oil Well in Gulf of Mexico: BP**

BP is siphoning about 2,000 b/d of oil via a riser insertion tube tool (RITT) containment system at the blown-out MC252 oil well in the Gulf of Mexico, the company said on May 18. The RITT is carrying oil from the underwater, leaking riser to the Discover Enterprise drillship above the surface; there, responders are storing oil and flaring gas. The company expects to deploy the “top kill” operation – injecting heavy drilling fluids into the well, and then sealing it with cement – in the next week or so. Responders began drilling a second relief well on May 16. There were more than 950 vessels and more than 20,000 personnel responding to the incident, as of latest reports. Officials had deployed more than 1.8 million feet of boom (regular plus sorbent boom), recovered more than 7.65 million gallons of oil water, and used more than 590,000 gallons of dispersant. President Obama, separately, was expected to appoint a special commission to investigate the incident, according to an administration official.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062184>

<http://www.deepwaterhorizonresponse.com/go/doc/2931/543103/>

[http://www.rigzone.com/news/article.asp?a\\_id=93435](http://www.rigzone.com/news/article.asp?a_id=93435)

### **Nippon Oil Shuts Two Well Locations in Plaquemines Parish, Louisiana, Citing Oil Spill in Gulf of Mexico: Louisiana Department of Natural Resources**

<http://emergency.louisiana.gov/Releases/05172010-dnr.html>

### **Tar Balls Found on Florida’s Key West May 18**

<http://www.ottawacitizen.com/news/Florida+balls+fuel+fears+slick+spread/3042198/story.html>

### **NOAA Shuts Fishing across 19 Percent of Federally-Controlled Waters in Gulf of Mexico by May 18, Citing Oil Spill**

<http://www.cnn.com/2010/US/05/18/gulf.oil.spill.main/index.html?hpt=T1>

## Electricity

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### **PPL’s 1,105 MW Susquehanna Nuclear Unit 1 in Pennsylvania Ramped Up to 35 Percent by May 18**

Operators shut the unit during “required tests on a new integrated digital control system for plant equipment and on pumps that provide water to the reactor vessel,” a plant manager said. The Nuclear Regulatory Commission reported that on the morning of May 17 the unit was not operating.

<http://www.pplweb.com/newsroom/newsroom+quick+links/news+releases/Unit+1+at+Susquehanna+nuclear+plant+returns+to+service+051710.htm>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

### **Dominion's 1,130 MW Millstone Nuclear Unit 3 in Connecticut Shuts May 17**

The unit shut automatically "due to low steam generator water level," the company said in a filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of May 17 the unit was operating at 6 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100518en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

### **AEP Texas to Deploy More than 700,000 Smart Meters over Next Three Years**

AEP Texas expects to deploy more than 170,000 meters in 2010, and complete its entire service territory by 2014, according to a project affiliate.

<http://www.prnewswire.com/news-releases/landisgyr-and-aep-texas-move-to-second-phase-of-gridstream-smart-meter-deployment-over-700000-meters-to-be-installed-over-next-three-years-94097549.html>

### **SRP to Deploy 500,000 Smart Meters over Next Three Years in Arizona**

Salt River Project (SRP) expects to deploy approximately 14,000 Smart Meters per month over the next three years, according to a project affiliate. The company has deployed about 500,000 Elster REX residential and ALPHA commercial and industrial Smart Meters since 2003.

[http://www.elster.com/en/press\\_releases\\_1026.html](http://www.elster.com/en/press_releases_1026.html)

### **Wind Farms Could Tap Transmission Line That Had Been Slated to Serve Coal-Fired Power Plant in South Dakota**

Multiple South Dakota wind farms could deliver power along a proposed transmission line that, until late 2009, had been expected to serve the Big Stone II coal-fired power plant. Montana-Dakota Utilities Co., Otter Tail Power Co., and others canceled the 550 MW Big Stone II project in November 2009, citing financing issues and potential regulations. The Midwest Independent Transmission System Operator (MISO), however, has identified numerous wind power projects – approximately 1,900 MW of combined capacity – that could deliver electricity along the transmission line that would have served Big Stone II. Included among the projects is Dakota Wind Energy's proposed 300 MW wind farm in Day, Marshall, and Roberts Counties.

<http://finance.yahoo.com/news/SD-wind-farms-eye-Big-Stone-apf-1354388256.html?x=0&.v=1>

### **CL&P Investing \$41 Million in Summer Preparations across Connecticut Electric Grid**

The company is building new substations in Waterford and Windsor, installing and replacing transformers at existing substations, increasing circuit capacity in 42 communities, among numerous other measures. To read more, click on the link below.

<http://nuwnotes1.nu.com/apps/mediarelease/clp-pr.nsf/ED1030C66CC5725085257497004F6785/29DEA0797E8455228525772200554CA8>

### **Con Edison Aims to Slash Power Demand 550 MW by 2015 in New York**

The company's CEO called smart grid "probably the most interesting element in our modernization efforts."

<http://finance.yahoo.com/news/Con-Edison-CEO-Kevin-Burke-to-iw-646095281.html?x=0&.v=1>

## ***Petroleum***

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### **Fire Shuts CDU, Cuts Rates at LyondellBasell's 270,000 b/d Houston, Texas Refinery May 17**

LyondellBasell was operating its 270,000 b/d Houston, Texas refinery at "very low rates" on May 17, a company spokesman said, after a fire forced shut a crude distillation unit (CDU). The facility's other CDU was offline for separate, unscheduled work at the time of the incident; the company expected to restart that unit on May 18. It was not clear how long the fire-downed CDU would remain offline, but the company said it was tapping inventories to produce gasoline. There were no injuries, and on-site responders extinguished the blaze in about one hour. A company spokesman did not provide specific production figures, but Reuters estimated that each CDU had a capacity of about 84,000 b/d.

<http://www.reuters.com/article/idUSN179998020100518?type=marketsNews>

<http://www.chron.com/dispatch/story.mpl/metropolitan/7009149.html>

Reuters, 11:03 May 18, 2010

### **Update: FCC Offline after Monday Fire at Shell's 340,000 b/d Deer Park, Texas Refinery: Trade Sources**

A May 17 fire forced shut a gasoline-producing fluid catalytic cracking unit (FCC) at Shell's 340,000 b/d Deer Park, Texas refinery, trade sources said on May 18. A Shell spokesman did not confirm the shutdown. Reuters, 10:11 May 18, 2010

### **Update: Valero Returns 20,000 b/d, Fire-Downed Coker to Planned Rates at 315,000 b/d Corpus Christi, Texas Refinery by May 18**

The unit shut on May 10-12 due to a flange fire, the company said in a previous filing with state regulators.

<http://www.reuters.com/article/idUSWNA148220100518?type=marketsNews>

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=139524>

### **Update: North West Upgrading Eyes 2013 Start-Date for First Phase of Planned 150,000 b/d Bitumen Upgrader in Alberta, Canada**

North West Upgrading – along with its partial owner, Canadian Natural Resources Ltd - expects to open the 150,000 b/d facility in three phases. It plans to break ground on the first, 70,000 b/d phase in 2011; it could open that phase by 2013. The provincial government said on May 18 that it was supporting the plans. The project will include an integrated carbon capture and storage capability, according to the government's statement.

<http://www.theglobeandmail.com/globe-investor/alberta-supports-upgrader-proposal/article1573109/>

<http://www.alberta.ca/acn/201005/28393AC0287FC-CDB7-C1E4-6AB22172F394A510.html>

### **Update: Cnooc, Turkiye Petrolleri to Boost Output by 345,000 b/d at Existing 105,000 b/d Missan Oilfields in Iraq**

Cnooc Ltd. and Turkiye Petrolleri AO signed a deal to increase oil production by 345,000 b/d in six years - from 105,000 b/d to 450,000 b/d - at the Missan oilfields in Iraq, the nation's Oil Minister said by May 17. The fields hold 2.5 billion barrels of oil.

<http://www.businessweek.com/news/2010-05-17/cnooc-turkiye-petrolleri-to-run-iraq-s-missan-fields-update2-.html>

[http://www.rigzone.com/news/article.asp?a\\_id=93362](http://www.rigzone.com/news/article.asp?a_id=93362)

## **Natural Gas**

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### **Leaking Flange at CO2 Treatment Plant Disrupts Natural Gas Operations in Texas May 18**

Field operators were expected to “cut 200 MMscf of gas” after the discovery of a leaking flange at the Sacroc Carbon Dioxide Treatment Plant in Texas on May 18, according to a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=139740>

## **Other News**

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### **BMI Postpones Construction of 60 MMGal/Yr. Biodiesel Plant in Illinois, Citing Tax Credit Concerns**

Biofuels Manufacturers of Illinois LLC (BMI) is “pushing back plans month-to-month” as it waits for the federal government to renew a recently-lapsed tax credit, a company official said. The tax credit-in-question expired at the end of 2009; it paid \$1 per gallon to mix biodiesel into products, a previous news source said. BMI still aims to begin construction in 2010. The facility would process soy oil, animal fats and other vegetable oils, among other feedstocks, according to the company's website.

<http://www.pjstar.com/news/x150481609/Tax-credit-extension-delay-leaves-biodiesel-hanging>

<http://americanagriculturist.com/story.aspx?s=34225&c=8>

<http://bmibiodiesel.com/bmi/>

## BLM Finalizes Onshore Oil and Gas Leasing Reforms May 17

Under the reformed oil and gas leasing policy, the Bureau of Land Management (BLM) will:

- Engage the public in the development of Master Leasing Plans (MLP) prior to leasing in certain areas where significant new oil and gas development is anticipated.
- Ensure potential lease sales are fully coordinated both internally and externally, including public participation, and interdisciplinary review of available information, as well as on-site visits to parcels prior to leasing when necessary to supplement or validate existing data.
- Require an "extraordinary circumstances" review screen before applying the categorical exclusions in the Energy Policy Act of 2005 to oil and gas drilling activities on BLM lands.

[http://www.blm.gov/wo/st/en/info/newsroom/2010/may/NR\\_05\\_17\\_2010.html](http://www.blm.gov/wo/st/en/info/newsroom/2010/may/NR_05_17_2010.html)

## Energy Prices

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| U.S. Oil and Gas Prices  |       |          |          |
|--|-------|----------|----------|
| May 18, 2010   |       |          |          |
|  | Today | Week Ago | Year Ago |
| <b>CRUDE OIL</b><br><b>West Texas Intermediate U.S.</b><br>\$/Barrel | 71.34 | 76.99    | 58.85    |
| <b>NATURAL GAS</b><br><b>Henry Hub</b><br>\$/Million Btu             | 4.34  | 4.08     | 4.05     |

Source: Reuters

## Energy Notes

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### Storms Knock Out Power to More than 17,000 Customers in New Jersey May 14

<http://abclocal.go.com/wpvi/story?section=news/local&id=7443415>

### Former NRC Official Claims Nearly all U.S. Commercial Nuclear Reactors are Leaking Tritium

<http://www.rutlandherald.com/article/20100517/NEWS02/5170366/1003/NEWS02>

### Lockheed Martin Aims to Launch 5-10 MW Ocean Thermal Energy Conversion Power Facility in Hawaii by 2014

<http://www.nytimes.com/2010/05/18/business/energy-environment/18iht-renotec.html?scp=2&sq=%2b%22power+plants%22&st=nyt>

### Mighty River Power, EnergySource Plan 50 MW Hudson Ranch Power I Geothermal Power Plant in California

<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=a6BezACQ23ZI>  
<http://www.mightyriverpower.co.nz/News/Detail.aspx?id=2453>

### MidAmerican Energy Discovers Natural Gas Readings in Long-Vacant Home after Gas Odor Triggers Local Evacuations May 14

<http://www.ktiv.com/Global/story.asp?S=12487323>

### BP Reports Valve Snag at 467,720 b/d Texas City, Texas Refinery May 14

[http://online.wsj.com/article/BT-CO-20100518-706548.html?mod=WSJ\\_latestheadlines](http://online.wsj.com/article/BT-CO-20100518-706548.html?mod=WSJ_latestheadlines)

**Two BP-Owned Refineries Responsible for 97 Percent of Industry's Flagrant Violations: Center for Public Integrity**

<http://www.speroforum.com/site/article.asp?idCategory=33&idsub=128&id=33024&t=97%25+of+Worst+Industry+Violations+Found+at+BP+Refineries>

**Operators Shut Compressor at Welch CO2 Gas Processing Facility in Texas May 17**

<http://www11.tceq.state.tx.us/oce/ee/index.cfm?fuseaction=main.getDetails&target=139804>

**Update: National Park Service Says Proposed Weaver's Cove Energy LNG Terminal in Massachusetts Violates Wild and Scenic Rivers Act**

[http://www.boston.com/news/local/rhode\\_island/articles/2010/05/17/national\\_park\\_service\\_deals\\_blow\\_to\\_lng\\_proposal/](http://www.boston.com/news/local/rhode_island/articles/2010/05/17/national_park_service_deals_blow_to_lng_proposal/)

## **Links**

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

### **ENERGY ASSURANCE DAILY**

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<http://www.oe.netl.doe.gov/ead.aspx>

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